

FISCAL NOTE

Bill #: HB247

Title: Phase-in reduction of fees
in lieu of tax for heavy trucks

**Primary
Sponsor:** Dave Lewis

Status: Final Bill

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Revenue:		
General Fund		\$(263,279)
Net Impact on General Fund Balance:		\$(263,279)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

- 1. The analysis prepared in this fiscal note assumes the Governor will sign HB124.**
2. Under current law (includes the changes under HB124), there is a fee in lieu of tax on heavy vehicles. The owner of the heavy vehicle pays a fee in lieu of tax based on the age and manufacturer's rated capacity of the vehicle. There are sixteen age groups with four different manufacturer's rated capacity (in pounds). The revenue from the fee in lieu of tax is deposited in the state general fund.
3. Under this proposal, the fee in lieu of tax on heavy vehicles is reduced by 50% over a 3-year period beginning January 1, 2003. This piece of legislation is structured to reimburse local governments for their revenue reductions experienced as a result of this proposal beginning fiscal 2003. But, with the passage of HB124 the reimbursement to local governments under HB247 will no longer exist. Under HB124, the fee in lieu of tax on heavy vehicles is deposited in the state general fund; no other account/fund receives revenue from this source. Hence, there is no revenue loss to local governments or any other account/fund. HB124 provides for an entitlement share payment to local governments. This entitlement share payment to local

(continued)

governments includes the fee in lieu of tax on heavy vehicles. This will ultimately compensate local governments for revenue reductions experienced with the passage of HB124 and HB247.

4. Reducing this fee in lieu of tax on heavy vehicles by 50% over a 3-year period beginning January 1, 2003 will **decrease** revenue going to the **state general fund** by \$263,279 in fiscal 2003, \$802,751 in fiscal 2004, \$1,360,720 in fiscal 2005, and \$1,654,814 in fiscal 2006 and for each succeeding fiscal year.
5. The above impacts in assumption four are calculated using a 1.5% annual growth rate on heavy vehicles. The calendar year 2000 motor vehicle database is used as the base year in making the calculations in assumption four.
6. The fee in lieu of tax tables that are being changed in this bill apply to both heavy trucks that reside on the Department of Justice database (intrastate trucks), and to heavy trucks that reside on the Department of Transportation database (trucks registered in interstate commerce, IRP vehicles). This fiscal note pertains only to those trucks on the DOJ database (intrastate trucks), but does not include the interstate trucks subject to apportionment on the DOT database. There would be a significant impact on these vehicles as well that should be provided by DOT. Fiscal Analysis

Department of Justice

7. Programming costs to the Department of Justice to change motor vehicle system tables for heavy trucks and to add feature to track prior years percentages are estimated to \$3,300 (44 hours x \$75/hour = \$3,300). Computer time/utilization costs to complete the programming are estimated at \$908 (5.5 days @ \$165/day = \$907.50). Total programming costs for FY 2002 are estimated at \$4,208 (\$3,300 + \$908). Since the 2001 Legislative Session has been adjourned, it will be necessary that the department absorb those costs in FY 2002.
8. The department will absorb the costs in subsequent fiscal years to decrease the table percentages which is estimated at \$300 (4 hours x \$75/hr).
9. Training for the county treasurer's staff would be provided through the annual established training schedule by the Department of Justice, Motor Vehicle Division. Costs to provide training to the county treasurer's staff would be absorbed by the Department of Justice, Motor Vehicle Division.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
<u>Revenues:</u>		
General Fund (01)		\$(263,279)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)		\$(263,279)

LONG-RANGE IMPACTS:

Under this proposal, the revenue going to the state general fund will decrease as noted in assumption 4.

TECHNICAL NOTES:

Department of Justice

1. No mechanism is provided to adjust local government revenues for changes in vehicle populations by county or for significant economic shifts affecting local registrations of heavy trucks.